

<p style="text-align: center;">CALIFORNIA'S TIMBER HARVEST REGULATORY PROGRAM: COSTS, FEES AND WHO SHOULD PAY</p>
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Since at least the 1980s, the state has been shifting the costs of regulatory and environmental cleanup programs from the General Fund to responsible parties that profit or otherwise benefit from the activities involved.

As a result, the State Water Resources Control Board collects more than \$400 million per year in regulatory fees. Similarly, the Department of Resources Recycling and Recovery collects more than \$200 million (not counting deposits on beverage containers), the Air Resources Board collects roughly \$200 million, the Department of Toxic Substances Control collects more than \$100 million and the Department of Pesticide Regulation collects about \$75 million per year in regulatory and environmental cleanup fees, also known as "polluter pays" fees.

According to the Legislative Analyst's Office, California industries now pay most, if not all, of their regulatory and environmental cleanup costs. One of the remaining exceptions is the timber industry, which last year paid about \$550,000 in fees on timber harvest plans.

Legislative Analyst's recommendations – Since at least 1998, the LAO has recommended assessing a broader fee to cover the balance of the state's timber harvest regulatory costs, which have fluctuated between \$18 million and \$22 million over the past six fiscal years.

"The harvesting of private timber, on private lands, has impacts on watersheds that go beyond the boundaries of the timber harvesting area," the LAO wrote in a 1999 report to the Assembly Natural Resources Committee. "In our view, it is appropriate for the state to charge fees to cover the costs of administering the Forest Practice Act because there is a direct link between the program and those who directly benefit from it though harvesting of timber.

"Furthermore, doing so would be consistent with the Legislature's actions in requiring the costs of similar regulatory programs ... to be reimbursed through industry fees and assessments."

The LAO most recently included an \$18 million timber industry fee as one of many options the Legislature could consider to help balance the 2011-12 budget. The Legislature and a series of governors have declined thus far to assess such a fee.

Timber industry representatives warn that higher fees would stagger what is left of an industry that produces less than half the volume it did just a few decades ago. They also say the industry should not be asked to pay for a program that they believe is inefficient, duplicative and more costly than necessary.

While efficiency is difficult to measure, the Accountability and Administrative Review Committee found some activities conducted by the state's forestry regulatory programs that are not directly related to timber harvests. Several departments, however, said they have never been

adequately funded to monitor and review timber harvests and one appears to be carrying out timber regulatory duties in part with personnel from other programs. Industry claims about rapid budget growth in the overall program could not be substantiated.

CALIFORNIA'S TIMBER HARVEST LAW AND ITS EVOLUTION

California timber harvests on nonfederal lands are regulated under the Z'berg-Nejedly Forest Practice Act of 1973, a measure enacted in response to a court ruling that found the state's 1945 Forest Practice Act "an unconstitutional delegation of legislative power" to the timber industry, which for 26 years had written the rules under which it operated.

The 1973 act established a new Board of Forestry with greater independence and established a system in which registered professional foresters prepared Timber Harvest Plans (THPs) to be submitted to a state forester for review and approval.

The new law for the first time formally included the state Water Boards and the departments of Conservation and Fish and Game in the review process. The California Department of Forestry and Fire Protection has since become the lead agency in the process.

Litigation, legislation change state's timber harvest law – Legal and legislative pressure to change the 1973 act began to develop almost immediately after its passage. Gov. Ronald Reagan had signed the California Environmental Quality Act (CEQA) in 1970, and environmentalists soon sought to apply CEQA standards to timber harvest plans.

A compromise allowed THPs to be certified as the functional equivalent of environmental impact reports under CEQA. But that compromise also gave Fish and Game, Conservation and the Water Boards a larger, legally prescribed role in the review and approval process.

Later legislation, notably amendments to the Porter-Cologne Water Quality Control Act, legal rulings and the listing of forest-dwelling species, such as Coho salmon and the Northern Spotted Owl, as threatened or endangered gave Fish and Game and the Water Boards even greater responsibility and independent discretion in the process. The Water Boards now issue required permits, without which timber harvesting cannot be conducted.

As a result of many developments in the 38 years since the 1973 act passed, the state's timber harvest regulatory program has become a much more complicated, time-consuming process. Timber harvest plans that now require detailed soil, geological and endangered species surveys can take months to prepare and run hundreds of pages long. Some of the state entities involved also now have different standards of review derived from different statutory mandates.

CALIFORNIA'S TIMBER INDUSTRY

Roughly half of the state's 17 million acres of forests, about 8 million acres, is owned by companies or private individuals. The privately held forests are split almost equally between large industrial operators and nonindustrial timberland owners, which include hundreds of small, family-owned forests.

The annual volume of raw logs harvested in California has declined dramatically, from 4.7 billion board feet in 1988 to 805 million board feet in 2009, as homebuilding slumped, according to data compiled by the Board of Equalization (BOE).

The value of the annual harvest peaked in 1993 and 1994 at \$1.3 billion and \$1.1 billion, respectively. It has declined almost steadily since, bottoming out at \$99 million in 2009, according to the BOE. The 2010 harvest was valued at \$200 million. (The BOE valuation measures only raw logs not finished lumber products.)

While many factors have contributed to the industry's decline in California, the severe recession, a sharp drop in the amount of federal timber available, excessive past harvest rates and the high cost of operating in California are considered to be leading factors.

New home construction, the industry's primary market, has dropped sharply and remains well below levels seen just a few years ago.

Two of the state's largest timber companies, the Humboldt and Mendocino Redwood companies, have scaled back harvesting to allow their properties to recover from years of overharvesting by previous owners.

Small group of large companies dominate – The state's major timber companies all are privately held and thus not required and do not publicly report their annual logging volume, sales or profits. The volume and value of raw logs are reported to the state Board of Equalization, but individual company information is confidential under state law.

It is clear, however, that the state's timber industry is dominated by a relative handful of companies such as Sierra Pacific Industries, Green Diamond Resource Company and the Humboldt and Mendocino Redwood companies, among others.

Although the BOE is prohibited from releasing individual company information, it did disclose that the 10 largest timber companies accounted for more than 70 percent of the state's logging volume last year. The top 20 companies generated 82 percent of the volume.

Of the California companies, Sierra Pacific stands out as one of the nation's largest timber and lumber companies. Since its inception in 1949, Sierra Pacific has acquired 1.9 million acres of timberland in California and Washington. It has become the largest private landowner in California, with 1.65 million acres, and the third largest private landowner in the nation.

As such, Sierra Pacific owns nearly 10 percent of California's forests. It also owns and operates 14 lumber mills (11 in California), eight power plants that run on biomass (six in California), real estate developments and other commercial operations.

Green Diamond owns nearly 800,000 acres in California and Washington, with 430,000 acres in California. The Humboldt and Mendocino Redwood companies own 430,000 acres, all in Humboldt, Mendocino and Sonoma counties.

Industry employment – According to the state Employment Development Department (EDD), logging provided 1,800 jobs in 2010, a nearly 50 percent decline from 3,500 logging jobs recorded in 2000, and a 60 percent decline from 4,500 logging jobs in 1991. Wood product manufacturing provided another 20,400 jobs last year, compared to 44,500 jobs in 2000 and 40,700 in 1991, according to the EDD.

While logging and wood product manufacturing jobs make up a tiny fraction of the nearly 16 million jobs held in California, they represent significant sources of employment in the small, rural communities found in and near the state's forests.

TIMBER INDUSTRY REGULATORY COSTS AND EXPENSES

Timber executives say their companies spend millions of dollars to prepare the lengthy, comprehensive Timber Harvest Plans (THPs) required by the 1973 act. Those plans require endangered species, soil, water and geological surveys of the sites to be logged. The California Forestry Association and several large timber companies say THP preparation costs average \$35,000 to \$55,000 per plan. Each is good for up to five years (although some may be extended for up to seven years under special legislation passed in 2009).

Industry officials say timberland owners also pay through the dedication of stream, habitat and other buffers that they are required to maintain. They cite an incalculable public benefit in their preservation of wildlife and natural resources on more than 8 million acres of private timberland.

Finally, timber industry representatives argue that their companies should not have to pay for a state regulatory program that they say is an inefficient, dysfunctional operation split among four state entities that don't always agree on what needs to be done.

To underscore their argument, timber industry representatives often cite two statistics – a 75 percent reduction (from 1,008 to 247) in the number of THPs approved between 1997 and 2009 and a 223 percent increase in the cost of the state's regulatory program (from \$10 million to \$22.3 million) during the same span, fiscal year 1997-98 to 2008-09.

In essence, timber industry representatives say, the state continues to operate a regulatory program set up to handle more than 1,000 THPs a year even though the number of THPs submitted has dwindled to several hundred a year.

THP reviews a small fraction of timber harvest duties – Representatives of Cal Fire and the other three state entities involved say that using the annual THP count to gauge the timber harvest regulatory workload is misleading. Cal Fire said THPs represent only a "small fraction" of the total forest acreage – in various stages of harvest or regrowth – over which the department is charged with enforcing the law.

The industry's comparison of budget figures from 1997 and 2009 also may be misleading. Industry officials cited the LAO as the source for the regulatory program's \$10 million 1997-98 budget. But neither the industry, the LAO nor any of the state entities involved could substantiate that number. Instead, a 1998 LAO report cited a \$9.6 million budget figure for Cal Fire's share of the program alone.

Moreover, in the late 1990s, the Water Boards, Fish and Game and the Department of Conservation all were ramping up their timber harvest regulatory teams in response to a new law expanding the water boards' authority, the recent listing of new endangered species and the first statewide implementation of Conservation's slope, soil and other geological reviews.

THE STATE'S REGULATORY COSTS

The Committee asked each of the four state entities involved to provide detailed information about what they spend in their forestry or timber harvest review programs and how they spend it.

Cal Fire – The California Department of Forestry and Fire Protection, better known as Cal Fire, provided only General Fund budget figures dating back to 1998-99. According to the LAO, the department also has received more than \$600,000 in special funds, primarily from tobacco taxes, in some years for its Forest Practice Program, which handles timber harvest regulation.

Cal Fire's General Fund allotment for the forest program increased 21 percent, from \$10.2 million to 12.4 million, between fiscal years 1998-99 and 2010-11. During that time, the number of personnel years assigned to the program declined about 9 percent, from 104 to 95, with a current average PY cost of at least \$129,300.

Cal Fire officials say THPs have become more complex, cover more acreage and take longer to review, up from an average 51 days in 1991 to 106 days in 2009. Nonetheless, Cal Fire says THP reviews represent a "small fraction" of its timber harvest regulatory workload. Cal Fire also:

- Reviews and issues permits for Nonindustrial Timber Management Plans (NTMPs) for owners of up to 2,500 acres. NTMPs never expire. Over the past two decades, 762 NTMPs covering more than 320,000 acres have been filed with the state.
- Reviews and issues permits for other harvest documents, such as Program Timberland Environmental Impact Reports, Program Timber Harvesting Plans, Modified Timber Harvesting Plans as well as thousands of minor and substantial deviations to THPs.

- Monitors compliance and effectiveness of mitigation for THPs, NTMPs and other harvest documents.
- Conducts pre-harvest inspections of more than 95 percent of approved THPs, completion and restocking inspections, and maintenance inspections of erosion controls for up to three years after timber operations are finished.
- Enforces state forestry and fire laws pertaining to harvest permits, pursuing both criminal and civil prosecutions.

Although THP submissions have fallen off in recent years, the acreage covered by all of the harvest permits and exemptions enforced by Cal Fire declined only 13 percent between 1998-99 and 2008-09, dropping from 3.3 million to 2.9 million acres, according to the department.

Water Boards – The Water Boards' budget for its Forest Activities Program (FAP), which conducts timber harvest reviews, has increased 38 percent over the past decade, from \$3.4 million in 2001-02 to \$4.7 million in the current fiscal year. During that span, the number of personnel years in the program declined 17 percent, from 32 to 26.4, while the average cost per PY increased 68 percent, from \$106,000 to \$177,576. The increased costs per PY were largely the result of negotiated salary and benefits increases, according to the Water Boards.

The Water Boards FAP budget includes \$400,000 in industry fees assessed during the timber harvest review process.

The water boards provided data for timber-harvest related work product for fiscal years 2005-06 through 2010-11. Complete and consistent data for earlier years was not available, Water Boards Executive Director Thomas Howard said in a letter to the committee.

During that six-year span, the water boards reported receiving and reviewing 2,173 THPs and Nonindustrial Timber Management Plans (NTMPs). The number of THPs and NTMPs received and reviewed ranged from 514 in 2005-06 to 244 in 2009-10 and averaged 362 per year. Of those, 92 percent were issued waste discharge requirements or were granted waivers.

The water boards said funding and resources for its Forest Activities Program is used for a much broader range of activities than reviewing THPs and NTMPs.

In addition, Howard wrote to the committee, "the Water Boards' Forest Activities Program has always been seriously underfunded. The Water Boards do not have sufficient funding to engage in rigorous interagency review of every proposed timber operation, nor even to perform full reviews for all high-risk operations."

Prior to 2003, the Water Boards informally waived application of waste discharge requirements (WDRs) to many forest activities that were otherwise covered by various water quality management plans and agreements. Beginning in 2003, a new state law required that all such

waivers must be formal, temporary and conditional (including monitoring). This new requirement significantly increased the Water Boards' workload.

"Consequently, the Water Boards have to prioritize their work to focus on activities that pose the greatest threats to water quality," Howard wrote. "As a result, the reduction in the number of THPs ... in recent years simply enables the Water Boards to address a greater percentage of forest activities that pose medium and high threats to water quality."

Fish and Game – Because of changes in its accounting system, the Department of Fish and Game said it was able to provide reliable budget figures for only the past three fiscal years.

During that span, the budget for DFG's timber harvest review program was cut more than in half, dropping from \$2.2 million in 2008-09 and \$2.4 million in 2009-10 to \$963,000 in 2010-11. (LAO records show DFG's timber review budget was significantly higher from 2005-06 to 2007-08, ranging from \$2.6 million to nearly \$2.8 million from the General Fund alone.)

For the current fiscal year, the department's program has a \$1,041,000 budget with 8.7 PYs, at an average cost of \$119,655 per PY.

Historically, the department said its timber harvest review program has been funded for 34 PYs, which would require a \$4.4 million budget, at an average of \$129,412 per PY.

Over the past decade, Fish and Game reviewed in excess of 4,300 THPs, more than 90 percent of those approved by Cal Fire, and more than 400 Nonindustrial Timber Management Plans, according to the department.

Fish and Game's timber harvest review program had to be cut more than in half to absorb a \$1.5 million General Fund reduction last fall. An attempt to restore that money with license and registration fees was vetoed earlier this year.

The \$1.5 million cut forced the department to reassign 16 of 25 positions dedicated to timber harvest reviews. Eight of the nine remaining positions are assigned to the environmentally sensitive North Coast Region. The other position is assigned to the Bay Delta Region. Most of the remaining positions are environmental scientists who are assisted by DFG clerical and administrative staff not assigned or funded through the timber harvest review budget, according to the department.

The funding reduction forced Fish and Game to withdraw completely from two other regions that cover the Sierra Nevada range, former DFG Director John McCamman disclosed in a January, 2011 letter to the California Native Plant Society. Most endangered species and stream alteration work is now done by DFG staff not funded through the timber harvest program, according to the department.

Environmental groups have warned that Fish and Game's inability to continue timber harvest reviews statewide violates terms of the certification of THPs as a functional equivalent of

environmental impact reports under CEQA. The Center for Biological Diversity, in a letter signed by numerous environmental groups, recently served notice that it plans to litigate the matter.

Fish and Game collects a \$950 filing fee for each THP, plus additional fees for stream alteration permits. Over the past three years, those fees have averaged \$147,000 per year, which covers the salary, benefits and other costs of one environmental scientist, according to the department. During the same span, Fish and Game's timber harvest program has received almost three times as much, an average \$443,000 a year, from environmental license plate fees.

Conservation – The Department of Conservation's timber harvest review budget more than quadrupled, growing from \$420,000 in 1997-98 to \$1.98 million in 1999-00, as the state responded to the endangered species listing of Coho salmon and federal concerns about sediment-impaired streams. The 1999-00 budget reflected funding to allow the department to expand its soils, slope and other geological hazards review to logging plans statewide.

In the 11 years since, Conservation's timber harvest review budget peaked at \$2.6 million in 2007-08. The \$2.3 million 2010-11 budget represents a 16 percent increase from 1999-00. Over that span, the program's personnel years dropped from 17 to 12.1, with the average PY cost increasing 63 percent, from \$116,400 to \$189,500.

Like the other state entities involved, Conservation conducts desk reviews of nearly all THPs. Between calendar year 1999, when the department began statewide reviews, and 2010, Conservation participated in 2,917 pre-harvest inspections, an average of 243 per year. Notably, as the number of THPs submitted for approval dropped from 991 in 1999 to 244 in 2010, the percentage the department reviewed during pre-harvest inspections and beyond increased from 23 percent to 70 percent.

In the earlier years, Conservation had enough staff to participate in only 40 percent to 60 percent of pre-harvest inspections that warranted its review, according to Bill Short, a geologist and manager of the department's Forest & Watershed Geology Program. As the number of THPs dwindled, the department has been able to participate in 80 percent to 90 percent of such pre-harvest inspections and subsequent reviews, Short said.

"If we provide no input," Short said, "it's inferred that means approval."

NOT ALL FORESTRY PROGRAM SPENDING INVOLVES TIMBER HARVESTS

The data and interviews with representatives of the Water Boards and the other three departments revealed that money spent on forest-related activities does not always reflect workloads connected to timber harvests.

For example, the director of the Water Boards' Forest Activities Program (FAP) estimates that, on average, a little more than half of the program's nearly \$4.7 million budget is spent directly on

timber-harvest related activities. However, about one-third of FAP funding is spent on policy work, most of which supports timber harvest activities, according to the Water Boards.

The Forest Activities Program addresses all non-point sources of waste discharges "on both federal and non-federal forest lands, including range management activities, road management activities, recreation (including off-highway vehicles), vegetation manipulation, fire suppression and fuels management, as well as the review and regulation of timber operations," Water Boards' Executive Director Howard wrote in his letter to the committee.

Cal Fire estimates that its forest program staff spent 39 percent of their time on duties, such as fire control and prevention, that are not directly related to timber harvest review and regulation. Conservation representatives said their timber harvest staff has been spending a small, but increasing amount of time dealing with illegal grading and other problems associated with legal and illegal marijuana cultivation in forests.

In contrast, the Department of Fish and Game – still struggling to absorb a \$1.5 million budget cut in 2010 – no longer has enough timber harvest review staff to cover all of the major timber regions, and utilizes staff from other programs to assist with reviews and to provide administrative support.

INDUSTRY RECEIVES PROPERTY TAX BREAK, PAYS SEPARATE YIELD TAX

California overhauled the way it taxes timber and timberland in 1976. The new law replaced an ad valorem tax on standing timber with a yield tax levied on timber when it is harvested. The law exempted standing timber from taxation and provided a substantial property tax break for timberland owners.

The yield tax is adjusted annually under a complex formula that has kept it at 2.9 percent since the early 1980s. The tax generated \$5.8 million in 2010 (2.9 percent of a statewide harvest valued at \$200 million), with a peak of nearly \$37 million on a timber harvest valued at \$1.27 billion in 1993. All of the yield tax, minus the Board of Equalization's administrative costs, is returned to 40 counties that have timber operations.

The state of Washington collects a 5 percent forest excise tax, with 20 percent – \$5.6 million in the most recent fiscal year – going to the state's General Fund.

California's 1976 tax law established Timberland Production Zones (TPZs) in which timberlands assessed for timber production as the highest and best use enjoy reduced property tax rates. Those rates are based on the value of the type of timber on the property and range from valuations of \$228 to \$45 per acre (equal to a basic tax rate of \$2.28 to 45 cents per acre) in the state's redwood region to \$125 to \$25 per acre (a basic tax rate of \$1.25 to 25 cents per acre) in the pine and mixed conifer region.

Roughly 70 percent, or more than 5.4 million acres of the state's private forests are held in TPZs, according to the last survey conducted by Cal Fire in 2001.

REGULATORY COSTS IN OREGON AND WASHINGTON

The California Forestry Association and industry leaders frequently compare the state's regulatory costs to those in the states of Oregon and Washington. It is difficult to draw a direct comparison with the two states, which have different regulatory systems and timber inventories.

Washington allocated \$8.5 million per year in the latest two-year budget for regulation and monitoring of timber harvests on almost 11.4 million acres of private and state-owned timberlands, according to the state's Department of Natural Resources. All of that is paid out of the General Fund, which receives \$5.6 million from the state's forest excise tax.

Oregon has 10.6 million acres of privately owned forests regulated by the Private Forests Division of the state's Department of Forestry. The division has a current regulatory budget of about \$10.8 million a year. Of that, 60 percent, or \$6.2 million, comes from the state General Fund. The balance, about \$4.6 million a year, is collected from private landowners through the state's Forest Products Harvest Tax and fees, according to the Department of Forestry.

The committee was unable to verify whether Oregon and Washington also enlist other state agencies, as California does, in their timber harvest regulatory activities.

CARBON CREDITS: A POTENTIAL WINDFALL FOR THE TIMBER INDUSTRY?

California's timber industry and timberland owners are expected to become major participants in the emerging carbon credits marketplace inspired by California's and other laws to curb greenhouse gas emissions.

The Department of Forestry and Fire Prevention has estimated the state's private forests can sequester up to 5 million metric tons (a carbon credit equals one metric ton of carbon dioxide) of carbon a year. It is unknown how much of that can be marketed. At prices recently reported by Bloomberg News, 1 million carbon credits could be worth more than \$24 million.

In September 2009, Sierra Pacific Industries announced that it had reached an agreement to sell 1.5 million carbon credits sequestered in projects that involved the dedication of 60,000 acres. That agreement has since been placed on hold because of delays in establishing protocols and other complications, a Sierra Pacific official said. But other timber companies and timberland owners have established accounts and are starting to trade carbon credits.

In February, Harper's Magazine reported such credits were selling for \$22 apiece. Gary Gero, president of the Climate Action Reserve, a Los Angeles nonprofit that sets standards and maintains a registry for carbon credits, said that price may have reflected carbon credits' higher

value in Europe. Those certified under California Air Resources Board protocols were selling for \$8 to \$10 each, Gero said in an August interview.

Earlier this month, Bloomberg News reported that futures for California carbon credits were selling for more than \$24 each.

Cal Fire Funding Data

Fiscal Year	Amount
98/99	10,249
99/00	12,355
00/01	12,506
01/02	12,769
02/03	13,264
03/04	12,961
04/05	12,002
05/06	12,013
06/07	12,705
07/08	12,901
08/09	12,033
09/10	12,283
10/11	12,390
11/12	12,211

*Reflects General Fund for Timber Harvest Related Activities only. Increased in 98/99 amount due to items that were previously funded by the Forest Resources Improvement Fund that was moved to General Fund.

State Water Resources Control Board Funding Data

Table 1
FOREST ACTIVITIES PROGRAM

Fiscal Year	Expenditures	PY	Comments
2001-02	\$3,390,000	32.0	
2002-03	\$3,490,000	32.0	
2003-04	\$3,588,000	32.0	
2004-05	\$3,801,000	32.0	
2005-06	\$4,135,000	32.0	
2006-07	\$4,470,000	32.0	
2007-08	\$4,616,000	32.0	
2008-09	\$4,381,000	28.2	Reduction to PYs due to the implementation of a 10 percent GF reduction.
2009-10	\$4,365,000	28.2	
2010-11	\$4,692,000	26.4	Reduction to PYs due to Budget Act Control Section 3.90, workforce cap reduction.
2011-12 (allotment)	\$4,688,000	26.4	

State Water Resources Control Board Staffing Data

Organization	# of Positions	# of PY	Position \$/yr	Staff Benefits (avg 35%)	Annual Salary + Benefits	OE	Overhead	Total \$	Cost/PY
Region 1 - North Coast	18.2	17.3	1,223,839	658,990	1,882,829	324,751	587,122	2,794,702	161,543
Region 5 - Central Valley	5.7	5.4	475,086	255,815	730,901	110,004	286,719	1,127,624	208,819
Region 6 - Lahontan	2.6	2.5	157,224	84,659	241,883	36,405	94,887	373,175	149,270
Office of Chief Counsel	0.4	0.4	51,650	27,812	79,462	11,959	31,171	122,592	306,480
Division of Water Quality	0.8	0.8	57,681	31,059	88,740	13,356	34,811	136,907	171,134
TOTAL	27.7	26.4	1,965,480	1,058,335	3,023,815	496,475	1,034,710	4,555,000	172,538

***Classifications:**

Principle Water Resource Control Engineer	0.2
Senior Water Resource Control Engineer	0.6
Senior Engineering Geologist	3.8
Senior Environmental Scientist	1.0
Water Resource Control Engineer	5.0
Engineering Geologist	12.7
Environmental Scientist	4.0
Staff Counsel III	0.4
TOTAL	27.7

Fish and Game Timber Harvest Review Program Funding Data

For Fiscal Years 2008-2009 to present, the following funds have been allocated from the following sources: General Fund (GF), Environmental License Plate Fund (ELPF), Fish and Game Preservation Fund (FGPF) for the purpose of timber harvest review.

The following table shows funding allocated for timber harvest review, including department overhead:

Fiscal Year	GF	ELPF	FGPF	Total
2008-2009	\$1,515,904.80	\$546,816.00	\$153,607.20	\$2,216,328.00
2009-2010	\$1,781,193.60	\$480,762.00	\$138,403.20	\$2,400,358.80
2010-2011	\$512,910.00	\$300,948.00	\$148,886.40	\$962,744.40
2011-2012	\$555,666.00	\$330,308.40	\$154,807.20	\$1,040,781.60

Fish and Game Timber Harvest Review Staffing Budget 2011-12

Class Title	PYs	Salary	Staff Benefits	Salary Savings	OE&E	Overhead	Total
Environmental Scientist	1.0	68,532	22,168	-3,427	14,977	20,403	122,653
Environmental Scientist	1.0	68,532	21,830	-3,427	14,977	20,403	122,315
Environmental Scientist	1.0	68,532	21,830	-3,427	14,977	20,403	122,315
Environmental Scientist	0.5	34,266	10,826	-1,713	7,488	10,201	61,068
Environmental Scientist	1.0	65,947	21,007	-3,297	14,412	19,633	117,702
Staff Environmental Scientist	1.0	78,900	24,928	-3,945	17,243	23,490	140,615
Staff Environmental Scientist	1.0	78,936	25,534	-3,947	17,250	23,500	141,274
Office Technician (Typing)	0.5	19,584	6,187	-979	4,280	5,830	34,902
Regional Administrative Officer I	0.7	38,825	12,559	-1,941	8,485	11,559	69,486
Environmental Scientist	1.0	60,596	19,601	-3,030	13,243	18,040	108,450
Total	8.7	582,650	186,471	-29,134	127,331	173,463	1,040,781

Fish and Game Timber Harvest Review - Historically Staffing Funded @ 34 PY's

Class Title	PYs	Salary	Staff Benefits	Salary Savings	OE&E	Overhead	Total
Environmental Scientist	17.0	1,065,000	358,000	-53,000	471,000	405,000	2,246,000
Staff Environmental Scientist	7.0	505,000	170,000	-25,000	194,000	186,000	1,030,000
Senior Environmental Scientist	4.0	289,000	97,000	-14,000	110,000	106,000	588,000
Office Technician (Typing)	5.0	179,000	60,000	-9,000	114,000	76,000	420,000
Research Analyst II GIS	1.0	61,000	21,000	-3,000	22,000	22,000	123,000
Total	34.0	2,099,000	706,000	-104,000	911,000	795,000	4,407,000

* OE&E includes facility, Utility and Data Center costs

**Department of Conservation
Timber Harvest Plan Review Funding**

Fiscal Year	Total PYs	CAL FIRE Interagency Agreement	DOC Direct Funding (from SB 1856 ['98] and FY 99/00 North Coast BCP)	Total Funding	Notes
FY97/98	4.25	\$420,000	\$0	\$420,000	CGS Review Focused on Humboldt, Mendocino, and Sonoma Counties.
FY98/99	7.25	\$422,000	\$307,000	\$729,000	SB1856 ('98) increased funding and PYs in response to listing of Salmon by NOAA and sediment impaired watersheds by EPA.
FY 99/00	17	\$444,000	\$1,535,000	\$1,979,000	North Coast BCP increased funding and PYs in response to above. CGS Statewide THP Review Begins.
FY 00/01	17	\$473,000	\$1,286,000	\$1,759,000	
FY 01/02	17	\$473,000	\$1,285,000	\$1,758,000	
FY 02/03	16	\$473,000	\$1,398,000	\$1,871,000	
FY 03/04	14	\$479,000	\$1,320,000	\$1,799,000	
FY 04/05	15	\$498,000	\$1,470,000	\$1,968,000	
FY 05/06	14	\$520,000	\$1,320,000	\$1,840,000	
FY 06/07	14	\$730,000	\$1,587,000	\$2,317,000	
FY 07/08	13	\$755,000	\$1,823,000	\$2,578,000	
FY 08/09	13	\$755,000	\$1,638,000	\$2,393,000	Reflects Furlough and Funding Reductions
FY 09/10	12.1	\$640,000	\$1,600,000	\$2,240,000	Reflects Furlough and Funding Reductions
FY 10/11	12.1	\$748,000	\$1,545,000	\$2,293,000	Reflects less Furloughs.

Department of Conservation – THP staff 2009-10

Current Staffing \$									
Position Cost	Position \$ / mo.	Position \$/ yr.	Annual Benefits	Annual Salary + Benefits	O & E (Std. Comp)	DOC OH	Cost/Pos.	# of Positions	Total \$
Sup. Eng. Geol	\$9,842	\$118,104	\$43,698	\$161,802	\$31,100	\$42,439	\$235,341	0.5	\$117,671
Senior Eng. Geo.	\$9,870	\$118,440	\$43,823	\$162,263	\$31,100	\$42,540	\$235,903	3	\$707,708
Eng. Geo.	\$8,422	\$101,064	\$37,394	\$138,458	\$31,100	\$37,303	\$206,860	5.6	\$1,158,416
AGPA	\$5,348	\$64,176	\$23,745	\$87,921	\$31,100	\$26,185	\$145,206	1	\$145,206
OT	\$3,264	\$39,168	\$14,492	\$53,660	\$31,100	\$18,647	\$103,407	1	\$103,407
RA II (GIS)	\$5,616	\$67,392	\$24,935	\$92,327	\$31,100	\$27,154	\$150,581	1	\$150,581
Total	\$42,362	\$508,344	\$188,087	\$696,431	\$186,600	\$194,267	\$1,077,298	12.1	\$2,382,989
								Expenses	\$60,000
								Grand Total	\$2,442,989

CAL FIRE TIMBER HARVEST WORKLOAD -- Program workload is related to both the number of THPs submitted to the state as well as inspection activities of active harvesting operations on plans that have already been approved.

Tables 1 and 2 below summarize the number of THPs and NTMPs submitted to CAL FIRE between 1998 and 2010. It is important to note that while the average number of THPs that are being submitted has declined, the department has noted an increase in the acreage covered by each plan.

Also, it is important to understand how NTMPs affect CAL FIRE's workload since NTMPs do not expire and timber operations may commence with the submission of an annual notice of commencement. Since 1991, approximately 796 NTMPs have been filed with CAL FIRE and the acreage in which they encompass collectively exceeds 330,000 acres; CAL FIRE is required to make regular inspections on this acreage indefinitely since the legislative intent behind a NTMP was to exclude expiration dates if legal requirements are met.

Table 1 – Number of **THPs** reviewed by CAL FIRE

YEAR	Reviews	Acres	Avg. Acres/Plan
1998	954	247,675	260
1999	993	291,599	294
2000	888	199,054	224
2001	786	186,970	238
2002	673	220,760	328
2003	551	176,930	321
2004	596	215,647	362
2005	538	126,957	236
2006	471	128,312	272
2007	435	133,876	308
2008	344	139,365	405
2009	239	113,313	366
2010	247	112,829	457

Table 2 – Number of **Nonindustrial Timber Management Plans** reviewed by CAL FIRE

YEAR	Reviews	Acres	Avg. Acres/Plan
1998	50	25,938	519
1999	75	43,806	584
2000	91	35,272	388
2001	65	21,439	330
2002	58	24,864	429
2003	52	20,090	386
2004	31	11,889	384
2005	42	11,742	280
2006	36	7,005	195
2007	28	7,050	252
2008	27	8,635	320
2009	22	6,212	282
2010	20	2,720	136

In addition to the THPs and NTMPs which are reviewed and inspected, each THP or NTMP approved by CAL FIRE may be amended to allow for deviations from the original plan. Amendments are treated as minor or major deviations. Minor deviations, such as the inclusion of short new sections of appurtenant road (e.g. landing spur) must be submitted in writing to CAL FIRE. The handling, data entry and transmittal to other review team agencies are a significant work requirement. Table 3 lists the number and types of amendments. CAL FIRE received 3,021 minor amendments in 2010.

Other more significant changes in an approved Plan are referred to as Substantial Deviations (see third column, Table 3) under the Rules and require the same scrutiny and intense review as a new THP or other discretionary harvest document. CAL FIRE views the review work associated with substantial deviations no different than a new plan, and in fact, many of these amendments require pre-harvest inspections just like any other new harvest permit. With the recent of Assembly Bill 1066 (Mendoza) in 2009, some plans may be operational for a longer period of time (up from five years max, to seven years); the increase in time is likely to increase the number of amendments submitted.

Table 3 (14 CCR §§ 1039, 1040 Minor and Substantial Deviations)

Number of Minor Amendments and Substantial Deviations Submitted 1998 -2010			
	Minor	Substantial	
1998	4,259	96	
1999	3,826	84	
2000	3,609	86	
2001	4,164	31	
2002	3,857	46	
2003	4,352	125	
2004	4,452	64	
2005	4,892	63	
2006	4,355	59	
2007	4,306	83	
2008	3,675	65	
2009	2,115	38	
2010	3,021	31	
Total	50,883	871	51,754

Tables 4 through 6 illustrate the considerable work involved in enforcing state forest practice laws over an area of more than 2.8 million acres (2009). Even though the annual submission of one particular type of harvest permit (i.e. THPs) has dropped recently, the acreage represented by all harvest permits and exemptions enforced by CAL FIRE has declined by only 13 percent since 1998-99.

Table 4 – Inspections

Year	Inspections	Harvest Documents (HDs)	Average Number of Inspections per Harvest Document	Acres in HDs	Average number of inspections per 1,000 acres in HDs
2008-09	4762	2366	2.01	2,888,766	1.65
2007-08	5148	3191	1.61	2,943,581	1.75
2006-07	5817	3254	1.79	3,185,249	1.83
2005-06	5391	3285	1.64	3,005,432	1.79
2004-05	4643	3494	1.33	3,300,799	1.41

Table 5 – Violations

Year	Violations Issued	HDs	Violations per HD	Acres in HDs	Violations per 1,000 acres in HD
2008-09	257	2366	0.11	2,888,766	0.09
2007-08	452	3191	0.14	2,943,581	0.15
2006-07	604	3254	0.19	3,185,249	0.19
2005-06	430	3285	0.13	3,005,432	0.14
2004-05	480	3494	0.14	3,300,799	0.15

Table 6 – Administrative Civil Penalty Complaints Served

Year	CAL FIRE Administrative Civil Penalty Complaints Initiated	CAL FIRE Administrative Civil Penalty Fines Assessed	CAL FIRE Administrative Civil Penalty Fines Assessed/Case Initiated	HDs	Acres in HDs
2008-09	15	\$137,000*	*	2366	2,888,766
2007-08	16	\$191,000*	*	3191	2,943,581
2006-07	18	\$519,000	\$28,833	3254	3,185,249
2005-06	6	\$85,759	\$14,293	3285	3,005,432
2004-05	8	\$108,500	\$13,563	3494	3,300,799

* For 2008-09 and 2007-08, 7 cases and 2 cases respectively are currently pending review and an assessed fine has not yet been established.

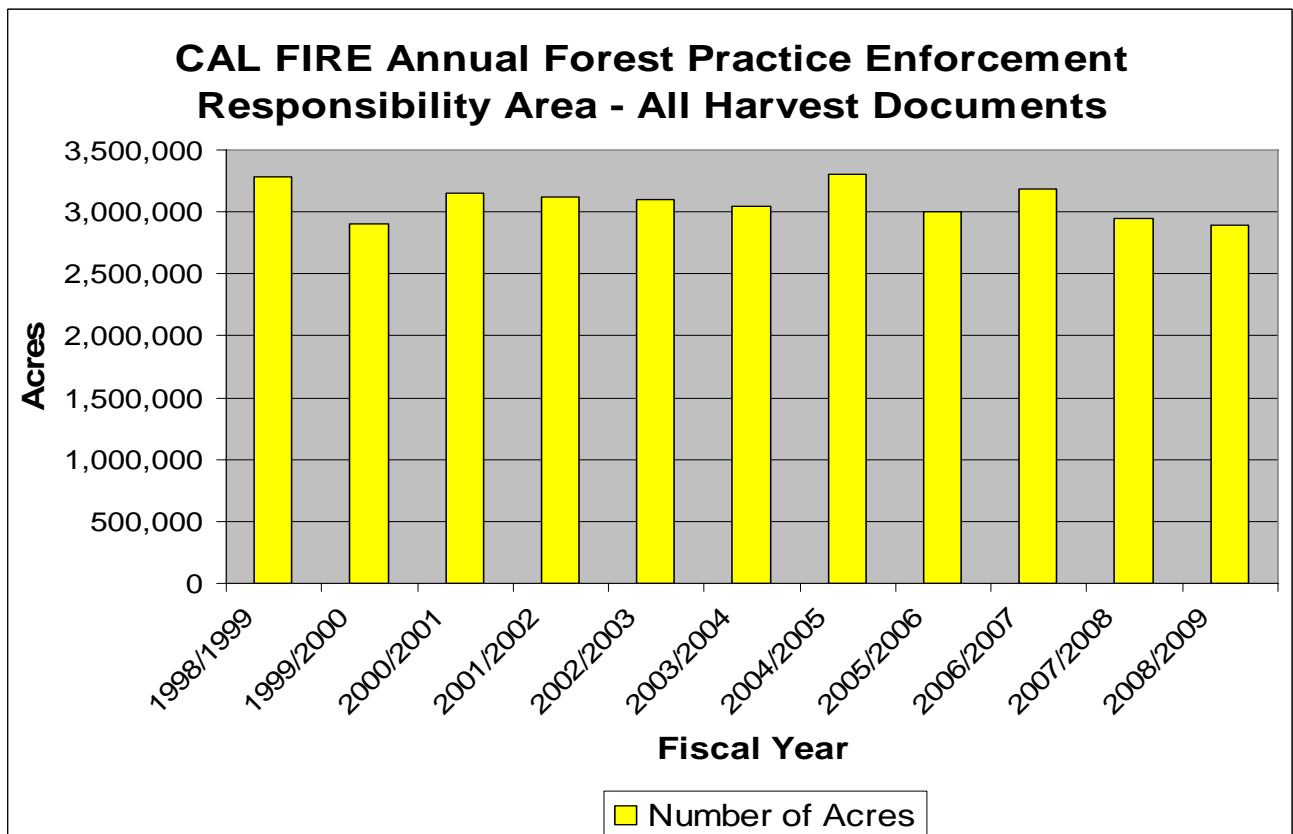


Figure 1. The area covered by permits CAL FIRE is responsible to enforce forestry and fire laws over has been relatively static from 1999 to 2009.

STATE WATER BOARDS TIMBER HARVEST WORKLOAD

The following table shows work product data associated with the FPA processes between 2005 – 2010. The Water Boards do not have consistent and complete data on work product prior to 2005 due to differences in the manner in which each Regional Water Board tracked data.

Table 2
FPA-Related Work Products
2005-06 through 2010-11

	North Coast Region			Central Valley Region		Lahontan Region	
	THPs & NTMPs Received/ Reviewed ¹	THPs Enrolled in WDRs ²	THPs & NTMPs Enrolled in Waiver ²	THPs & NTMPs Received/ Reviewed	THPs & NTMPs Enrolled in Waiver	THPs & NTMPs Received/ Reviewed	THPs & NTMPs Enrolled in Waiver
2005-06	257	194	24	241	146	16	14
2006-07	221	214	43	191	180	15	27
2007-08	221	149	41	179	123	13	10
2008-09	164	116	23	115	107	10	8
2009-10	95	98	23	139	106	10	2
2010-11	148	132	14	127	198	11	2

¹ THP = Timber Harvest Plan; NTMP = Nonindustrial Timber Management Plan. Not all submitted THPs or NTMPs are approved by CalFire or approved within the fiscal year in which they are submitted.

² WDR = Waste Discharge Requirement. Not all THPs or NTMPs approved by CalFire are: 1) submitted to the affected Regional Water Board for enrollment, 2) submitted within the same fiscal year during which they were approved by CalFire, or 3) accepted for enrollment.

Timber Harvest Documents Received and Processed by Department of Fish and Game

Timber harvest documents include Timber Harvest Plans (THPs), Programmatic Timber Harvest Plans (PTHP), Non-industrial Timber Management Plans (NTMP) and Modified Timber Harvest Plans (MTHP). The following number of harvest review documents have been received and processed by DFG regional staff:

Fiscal Year	THP	PTHP	NTMP	MTHP
2000-2001	459	2	56	2
2001-2002	693	2	64	1
2002-2003	580	7	55	4
2003-2004	442	3	43	0
2004-2005	440	0	32	1
2005-2006	469	4	32	0
2006-2007	481	8	38	2
2007-2008	427	1	40	3
2008-2009	331	1	20	0
2009-2010	221	0	26	0
2010-2011	225	2	0	0
Total	4768	30	406	13

The above table is derived from DFG's Project Tracking database and is the most readily available. The Project Tracking Database came online in 2000. Accurate information regarding of the number of Emergency and Exemption related documents reviewed is not available.

**DEPARTMENT OF CONSERVATION TIMBER HARVEST WORKLOAD (compiled
from DOC and Cal Fire data)**

Pre-harvest Inspections (PHI's) in which DOC participated		THPs Submitted to Cal Fire	Percentage of THPs for which DOC participated in at least a pre-harvest inspection
Calendar Year (CY)	Number of PHI's		
Note: PHIs are compiled by Calendar Year not Fiscal Year			
1999	229 (start of statewide review by DOC)	991	23%
2000	296	896	33%
2001	334	795	42%
2002	343	685	50%
2003	249	551	45%
2004	243	596	41%
2005	221	538	41%
2006	240	471	51%
2007	227	435	52%
2008	198	344	58%
2009	167	240	70%
2010	170	244	70%